

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**Tax-Exempt Bond Project**  
**December 8, 2021**

308 Sango, located at 308 Sango Court in Milpitas, requested and is being recommended for a reservation of \$2,992,284 in annual federal tax credits to finance the new construction of 84 units of housing serving large families with rents affordable to households earning 30-60% of area median income (AMI). The project requested \$7,560,000 in state tax credits, but due to the limited availability, is not being recommended any state tax credits. The project will be developed by Pacific West Communities, Inc. and will be located in Senate District 10 and Assembly District 25.

**Project Number** CA-21-686

**Project Name** 308 Sango  
**Site Address:** 308 Sango Court  
Milpitas, CA 95035 County: Santa Clara  
**Census Tract:** 5045.05

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>
Requested:	\$2,992,284	\$7,560,000
Recommended:	\$2,992,284	\$0

\* The applicant made an election to sell (Certificate) all or any portion of the state credits.

**Applicant Information**

**Applicant:** Central Valley Coalition for Affordable Housing  
**Contact:** Christina Alley  
**Address:** 3351 M Street, Suite 100  
Merced, CA 95348  
**Phone:** 209.388.0782  
**Email:** chris@centralvalleycoalition.com

**General Partner(s) or Principal Owner(s):** TPC Holdings IX, LLC  
Kelley Ventures, LLC  
Central Valley Coalition for Affordable Housing

**General Partner Type:** Joint Venture

**Parent Company(ies):** The Pacific Companies  
Kelley Ventures, LLC  
Central Valley Coalition for Affordable Housing

**Developer:** Pacific West Communities, Inc.

**Bond Issuer:** California Municipal Finance Authority (CMFA)

**Investor/Consultant:** Boston Financial Investment Management

**Management Agent:** Buckingham Property Management

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 85  
 No. / % of Low Income Units: 84 100.00%  
 Federal Set-Aside Elected: 40%/60% Average Income  
 Federal Subsidy: Tax-Exempt

**Information**

Housing Type: Large Family  
 Geographic Area: South and West Bay Region  
 TCAC Project Analyst: Ruben Barcelo

**55-Year Use / Affordability**

<b>Aggregate Targeting Number of Units</b>	<b>Percentage of Affordable Units</b>
30% AMI: 9	11%
50% AMI: 9	11%
60% AMI: 49	58%
80% AMI: 17	20%

**Unit Mix**

35 1-Bedroom Units
27 2-Bedroom Units
23 3-Bedroom Units
<b>85 Total Units</b>

<b>Unit Type &amp; Number</b>	<b>2021 Rents Targeted % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
4 1 Bedroom	30%	\$932
4 1 Bedroom	50%	\$1,553
21 1 Bedroom	60%	\$1,864
6 1 Bedroom	80%	\$2,281
3 2 Bedrooms	30%	\$1,119
3 2 Bedrooms	50%	\$1,865
17 2 Bedrooms	60%	\$2,238
4 2 Bedrooms	80%	\$2,475
2 3 Bedrooms	30%	\$1,292
2 3 Bedrooms	50%	\$2,154
11 3 Bedrooms	60%	\$2,585
7 3 Bedrooms	80%	\$3,094
1 3 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$5,710,000
Construction Costs	\$36,853,877
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$3,700,000
Soft Cost Contingency	\$450,000
Relocation	\$0
Architectural/Engineering	\$890,000
Const. Interest, Perm. Financing	\$3,533,800
Legal Fees	\$115,000
Reserves	\$633,249
Other Costs	\$4,945,326
Developer Fee	\$7,505,728
Commercial Costs	\$0
<b>Total</b>	<b>\$64,336,980</b>

**Residential**

Construction Cost Per Square Foot:	\$416
Per Unit Cost:	\$756,906
True Cash Per Unit Cost*:	\$698,015

**Construction Financing**

Source	Amount
Citibank Tax-Exempt Loan	\$34,000,000
Citibank Taxable Loan	\$9,000,000
Bonneville Tax-Exempt Loan **	\$7,000,000
Deferred Costs	\$633,249
Deferred Developer Fee	\$7,505,728
Tax Credit Equity	\$6,198,003

**Permanent Financing**

Source	Amount
Citibank Tax-Exempt Loan	\$21,000,000
Bonneville Tax-Exempt Loan **	\$7,000,000
Deferred Developer Fee	\$5,005,728
State Credit Backfill (TBD)	\$6,198,580
Tax Credit Equity	\$25,132,672
<b>TOTAL</b>	<b>\$64,336,980</b>

\* Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

\*\* Recycled Tax-Exempt Bonds

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$57,543,916
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$74,807,091
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$2,992,284
Total State Credit:	\$0
Approved Developer Fee (in Project Cost & Eligible Basis):	\$7,505,728
Investor/Consultant:	Boston Financial Investment Management
Federal Tax Credit Factor:	\$0.83992
State Tax Credit Factor:	\$0.81992

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

**Significant Information / Additional Conditions**

The applicant's estimate for annual operating expenses per unit is below the \$6,600 published per unit operating expense minimum required for this type of project. As allowed by TCAC Regulations Section 10327(g)(1), TCAC approves the annual per unit operating expense budget of \$5,843 in agreement with the permanent lender and equity investor.

Staff noted a per unit development cost of over \$698,015. The applicant indicated that this is attributed to acquisition cost in the San Francisco Bay Area, the building's design utilizing five elevator-serviced stories over a Type I podium parking level, a significant hard cost contingency reserve to accommodate escalating costs, unusually high impact fees, and the project's relatively few units limiting economies of scale.

**Resyndication and Resyndication Transfer Event:** None.

**Standard Conditions**

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

**CDLAC Additional Conditions**

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.